

CALL FOR PAPERS

“Challenges in GVC-dependent FDI development path in Central & Eastern Europe: Assessing regional development within global production networks”

Special session of the XXII Annual Meeting of the Hungarian Regional Science Association

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In today's dynamic economic landscape, sustainability encompasses not only environmental concerns but also social, economic, and governance aspects. This session will explore the multifaceted area of sustainability within Global Value Chains (GVCs) dependent Foreign Direct Investment (FDI) development, with a special focus on the regional or spatial dimension within Central and Eastern Europe (CEE) and other emerging regions. These regions are integrated through vertical FDI and specialization in lower value-added activities of the smile curve, especially in production and assembly segments.

This special session aims to compare the catching-up and growth experiences of these economies and their regions from different angles. It will analyze the transformative impact of GVC-dependent FDI on the development of regions embedded in Global Production Networks (GPN). Historically, CEE regions have served as central hubs for FDI, fostering market integration and productivity growth. However, recent disruptive events such as the 2008 financial crisis, the Covid-19 pandemic, geopolitical conflicts, and economic nationalism have challenged this integration and triggered shifts towards deglobalization.

In the light of 20 years of EU accession, this session will also reflect on the growth prospects and integration of CEE regions within the EU framework. The session seeks to elucidate the changing landscape of FDI trends, the impact of offshoring and backshoring processes, and the evolving role of CEE and other emerging multinationals within GPNs. It also explores the readiness of these regions for Industry 4.0, addressing concerns about labor shortages, digitalization, declining productivity, and economic resilience.

A critical examination of the complex interplay between GVC-dependent FDI development and regional innovation systems is central to this discussion. It highlights how domestic economic policies aim to reduce external dependencies and promote indigenous innovation. However, persistent center-periphery dynamics and trade-offs within the GVC-dependent FDI-based model can slow long-term convergence goals and lead to a middle-income trap.

This session will propose alternative models to mitigate the risks associated with the GVC-dependent FDI development path. It emphasizes the need for sustainable strategies that harness domestic sources of growth while mitigating the pitfalls of over-reliance on FDI and the often subordinate position within GVCs. By identifying and addressing these challenges, the session aims to pave the way for a more sustainable and resilient future for these emerging regions within the global economic landscape.

Topics Covered but not restricted to the topics below:

1. **Assessment of Changes in GVC/GPN Positions:** Focus on automotive and electronics sectors, effects of geopolitical changes, and crises on regional positioning.
2. **Emerging Multinationals:** Outward FDI patterns and evidence of CEE multinationals leading GPNs.
3. **Structural and Sectoral Complexities:** Economic vs. knowledge/technology complexities in CEE economies.
4. **Role of FDI in Economic Growth:** Impact on macro and regional levels, particularly in V4 countries.
5. **FDI's Role in Regional Development:** Competitiveness, disparities, and impacts on productivity and labor markets.
6. **Impact on Entrepreneurial Activity:** Effects on regional business dynamics in CEE regions.
7. **Interplay with Regional Innovation Systems:** Examination of FDI-led development and innovation.
8. **Development Policy Alternatives:** Economic nationalism, domestic industrial policies, and investment promotion.
9. **Preparedness for Industry 4.0:** Strategies to address labor shortages, digitalization, and economic resilience.
10. **Middle-Income Traps and Regional Development Traps:** Discussion on persistent challenges and sustainable strategies.

This comprehensive exploration aims to identify challenges and propose sustainable strategies for advancing these emerging regions within the global economic landscape.

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